

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

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LEGEND

B = Grant Program
C = Nominating organization
D = Selection Committee

Dear :

We have considered your request dated May 5, 2010 for advance approval of your grant-making program under section 4945(g)(3) of the Internal Revenue Code.

Our records indicate that you have been recognized as exempt from Federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

Your letter indicates that you will operate a grant-making program called B.

You were established to nurture and promote artists and art forms, to support innovation, to encourage diversity, to promote interdisciplinary collaboration among the arts and to demonstrate an impact on the community.

The purpose of your grant program is to identify and award artists who demonstrate the capacity to have an impact on their communities by working on innovative and interdisciplinary art initiatives.

The impact of these initiatives would include but not be restricted to

- 1) Developing social understanding,
- 2) Improving environment,
- 3) Enhancing education, and
- 4) Encouraging wellness.

For communities, the purpose will be to emphasize the notion that art is basic to the culture and well being of a community.

The number of annual grants will be determined by the quality of applications and the amount of your foundation's funds available. It is anticipated that you will provide nine to twelve grants within the next three years.

Grants of at least \$10,000 for up to, but not exceeding three years will be awarded across all artistic disciplines.

The eligible pool of grant recipients includes artists from across the entire United States. A key resource will be C, which includes over 250 art organizations. Practicing at these organizations are both master and emerging artists, providing a large pool of potential nominations.

Announcements of the grants will be published to a select group of artists whose work is recognized as having community impact through collaboration or whose work has the potential for achieving the defined purpose of the grant. Often, the potential applicants will have completed a residency, course of work, or seminar (for which they were vetted) to ensure a minimum standard of excellence. However, there is no particular defined class or group of artists that the grants will be restricted to. The residencies, seminars and other programs reviewed by your foundation for potential applicants are non-discriminatory. In order to carry out your exempt purpose of nurturing and promoting artists and art forms, supporting diversity and promoting interdisciplinary collaboration among the arts and demonstrating an impact on the community, however, you intend to restrict your invitations to applicants who have already demonstrated excellence in the arts. By limiting potential applicants, you will be better able to reduce administrative costs while utilizing your resources for actual grants.

Announcements of the grants will be sent to C. The home office of C will be requested to send out your newsletter to all of its member organizations, which will include information about the grants available through your foundation. Key persons who play the role of selecting, nurturing and supporting artists at each organization will be requested to consider nominating or consider requesting an invitation for an artist who meets the criteria for receiving a grant from your foundation.

You will request applications and nominations throughout the year. For each applicant, the following criteria will be used for selection:

- Successful completion of a vetted residency program, course of study or seminar;
- Demonstrated interdisciplinary collaboration or an innovative idea for collaboration;
- Demonstrated results from an artistic collaboration on community;
- Nomination from an individual or community organization that describes the work; and
- Results of that work, and/or potential that the artist's work has for community impact.

Applicants will be asked to respond to the mission of your foundation: "Nurturing and promoting artists and art forms, supporting innovation, encouraging diversity, promoting interdisciplinary collaboration among the arts and demonstrating an impact on the community".

In addition, each applicant's artistic vision will be evaluated on:

- 1) Specificity,
- 2) Inclusion of interdisciplinary and community values, and
- 3) Innovation.

Particular attention will be paid to the applicant's sensitivity to the power that art has in effecting community impact toward positive change.

Your board of directors, by majority vote, will make the grantee selections after considering the recommendations from the Grant Committee of your foundation. The current Grant Committee members are D. All of these individuals have extensive experience in both performance of the arts as well as in administration of a program or institution. Currently, the president and two board members (Artist/administrators) are on the selection committee. To be eligible to serve on the committee, a director must be an artist who has been or is presently involved in administration of an art program or organization devoted to the arts. A committee member may be removed by a majority vote of your Board of Directors whenever, in its judgment, the best interest of the corporation will be served

thereby. Similarly, your Board of Directors may replace such committee members with other board members who are eligible to serve.

The Board of Directors is required to be made up of at least two directors who are attorneys, accountants or other professionals with expertise in fiduciary matters, with, (at any time that the number of directors exceeds three), at least two directors who are artists and have been or are presently involved in administration of art programs or organizations devoted to the arts.

No relatives of the members of the selection committee, or of your officers and directors, or substantial contributors are eligible for the grant award.

Renewal of a grant depends on the following conditions:

- 1) The recipients must provide specific progress reports at least every quarter to your Board of Directors. Reports will include action/progress taken, budget allocations and any changes to the original objectives of the project.
- 2) In the event that the initial grant is for a single year, the recipient demonstrates specific results during the first year, having successfully completed the project with a specific plan/goal to extend the reach and impact of the project to additional communities.
- 3) In the event the recipient has received a multiple year grant, the recipient must have specific objectives for each of the two or three years and must have demonstrated progress toward those goals.

In addition to quarterly reports requested from grant recipients, a conference call or interview will be held with applicants at the six-month point to determine:

- (1) Progress toward objectives,
- (2) Transformation of recipient's approach/thinking,
- (3) Unanticipated barriers to completion, and
- (4) Specific next steps in the plan for project completion.

Grants will be awarded in three stages to ensure ongoing evaluation, and objectives will be linked with the stages of the project to assist in monitoring.

If the recipients do not provide reports, demonstrate an ongoing vision and dedication to their original proposals, collaborate with other artists and community supports, or show progress on stated objectives, you will require that the grant money be returned to you and shall take all reasonable and necessary steps to recover such funds. No further redistributions will be made by the foundation in that event.

You will maintain records including:

- I. The names and addresses of all grant recipients,
- II. The purpose and amount of each grant,
- III. The manner of selection of each successful grant applicant,
- IV. Records showing the results achieved by individual artists.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Robert Choi

Director, Exempt Organizations
Rulings and Agreements